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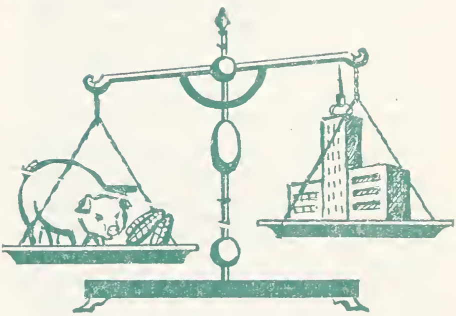
HOG PRICES SWING UP



Hog prices have done an about-face. Severely depressed a year or so ago, they have since advanced to their highest winter-spring level since 1954.

Remembering how fast those 1954 prices collapsed, producers are wondering how long the present improvement will last. Is another sharp reduction close at hand?

Production of hogs has been cut considerably. The 1956 spring pig crop was reduced 8 percent, and the fall crop 4 percent. Since population continues to grow, the pork supply per person is down. Consumption per person was 67 pounds in 1955 and 68 pounds in 1956. In 1957 it will be about 64 pounds.

Producers have clearly been trying to avoid overexpansion. Last fall they planned to hold 1957 spring farrowings 2 percent below 1956. A report for 9 States in early March indicated that they may be exceeding intentions slightly. Also, the size of litters in those States is up. The total spring crop may be about the same as last year. Hog men in the 9 States said they expected to expand their June–August farrowings 3 percent. As that period was the low point for 1956, the planned increase is certainly moderate.

Also favorable to the hog outlook is the prospect for a smaller output of beef and a reduced total meat supply.

By chance, the later 1955-early 1956 peak in hog slaughter was timed exactly with a bulge in cattle slaughter. Not only were cattle numbers on farms at a cyclical peak, but feeders found themselves that winter holding a backlog of over-heavy steers that had to be sold.

As a result total slaughter and meat output set a record in 1956 that probably will stand for quite a while. Meat consumption reached 167 pounds per person. This mark compares with only 138 pounds as recently as 1951.

Cattle slaughter has stayed high in the last year due to liquidation of inventory. The January 1957 inventory was down 1.6 million from 1956. The cow and heifer inventory was off 2 million from its 1955 high.

With this smaller inventory and with drought now generally relieved, slaughter of cattle will drift lower the next year or two. For 1957, total beef output will drop below 1956, and total meat consumption will fall to 158 to 160 pounds.

On the other hand, the strength of demand is a big question mark. It causes hog producers many sleepless nights. Consumers spent only 1.7 percent of their incomes for pork in 1956. In 1952 they spent 2.3 percent, which was also the average for just before the war. From 1947 to 1951 they spent 2.4 to 3.1 percent.

To some extent the downtrend in pork demand is of lasting nature. Yet the very weak demand lately may reflect the overabundant total meat supply. It is reasonable to assume that with less beef available, demand for pork will stiffen a little. Also, in the longer future, an improved pork product may partly reverse the downtrend.

Prices of hogs will be seasonally high this summer. They probably will average above last summer. The supply of hogs available will not be changed much, but more sows and gilts will probably be withheld for breeding. In addition, the stock of pork in cold storage for summer sale is about 180 million pounds. This is about 35 percent less than last year.

Seasonal price declines this fall will doubtless be sharper than last fall, but prices stand a good chance of remaining above 1956 until very near the end of the year.

By next spring, prices will probably be lower than this spring. How much lower will depend on how much the pig crop is increased this fall.

Very likely, the crop will be up more than the 3 percent indicated by early plans in 9 States. Based on past experience, the favorable hog-corn price ratio this spring would spur a 10-percent expansion. It might be sound to estimate an increase of possibly around 4 to 6 percent.

A gain of this size would pull prices next spring appreciably below this spring. They would, of course, be considerably below parity. But they would be around the average of the last several years, and the hog-corn price ratio would be near normal. A larger increase would risk more serious price weakness.

Similarly, an increase of about 4 to 6 percent in the number of 1958 spring pigs could probably be absorbed fairly readily. This would be a smaller increase than in the last upswing, when a 10-percent rise in 1954 spring pigs was followed by another 9 percent in 1955. An increase of 10 percent or more in spring pigs in 1958 would bring a real danger of sharply reduced prices.

Now that the old rule of "hogs are hogs" has been breached, each producer's own prospects depend partly on the kind of hogs he produces and when he has them for sale.

Quality distinctions have become more frequent. A differential is now paid for meat-type hogs in many markets. When additional costs are not excessive, it still pays in most years to produce hogs for marketing in months when supplies are normally smallest and prices highest. Winter trends have become nearly smoothed out, and late January and February is the only period of that season when improved prices can be expected with a high degree of confidence. May to August, however, are still months of above-average prices.

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FIBER CONSUMPTION UP 25 PERCENT PER CAPITA

Manmade fibers accounted for nearly all the increase in per capita fiber consumption in this country during the 5 year period 1952–56, figures for 1956 reveal. Cotton, however, registered slight gains.

Average annual consumption of cotton, wool, rayon, acetate, non-cellulosic manmade fibers, flax, and silk, was about 58 percent larger in 1952-56 than in 1935-39. But the population of the country increased to a point where the net increase in fiber consumption per person was only about 25 percent.

Gains Per Capita

To put it another way, the per capita increase in domestic use of all these apparel-type fibers was approximately 7.9 pounds. But of this amount 7.2 pounds were in manmade fibers.

The average annual consumption of cotton per capita in this country increased from 1935–39 to 1952-56 by only 1.4 pounds. This was less than one-fifth of the increase in manmade fibers. Other fibers lost ground, reducing this overall increase from 8.6 pounds per capita to 7.9 pounds.

From 1935–39 to 1952–56 the average annual per capita consumption of wool, for example, declined about 0.2 pound. In other words, the consumption of wool was about 7 percent less in 1952–56 than in the earlier period. Flax and silk declined about 0.5 pound between the periods.

Cotton and wool held about 90 percent of the fiber market in this country in 1935–39. By 1952–56 they held only 75 percent.

In 1935–39 manmade fibers held only about 8 percent of this market. In 1952–56 they held about 25 percent.

Why has this happened?

There are two major reasons. Manmade fibers have been developed with superior quality characteristics for certain uses. Some of these fibers have been able to compete with cotton and wool on a price basis.

Now trends can be significant indicators of things to come. But trends can also be altered. Research and promotion programs and lowering of cotton prices are two possibilities in this direction.

Research designed to give cotton improved quality, and promotion programs to tell people of the advantages of cotton have been remarkably successful in recent years in holding and even increasing the use of cotton in some apparel and household items. However, cotton has continued to lose ground in industrial uses which formerly acccunted for the largest share of its domestic market.

Lower Cotton Prices

An even more recent event has been the lowering of cotton prices. Until 1956 cotton prices were supported at 90 percent of parity. In 1956 the support level was set at 82.5 percent of parity. For 1957 the support level tentatively has been set at 77 percent of parity. However, it could be raised by August 1, 1957, if conditions warrant.

It's too soon to evaluate the effect of these lower prices on consumption. However, it's fairly certain they will enable cotton to compete more effectively with certain types of rayon and acetate.

Frank Lowenstein
Agricultural Economics Division, AMS

Per capita consumption: Cotton, wool, manmade fibers, flax and silk, 1935–39 and 1952–56

Fiber	1935–39	1952–56
	Pounds	*Pounds*
Cotton	25. 5	26. 9
Wool	2. 9	2. 7
Manmade fibers	2. 6	9. 8
Flax and silk	. 6	. 1
Total	31. 6	39. 5

Outlook

Total farm output in 1957 is likely to be down for the first time in 7 years. United States demand for farm products should continue strong since consumer income is expected to stay higher than a year earlier. Export demand also is strong with farm products moving to foreign markets at a record rate.

The expected reduction in farm output in 1957 will result from cutbacks in crop plantings. More than 21 million acres have been signed up under the acreage reserve provisions of the Soil Bank. Total planted acreage may be down 3 to 4 percent from 1956 to the smallest level since World War I.

Crops likely to be cut heaviest are wheat, corn, cotton, rice, and tobacco. This is due to the amount of their acreages in the Soil Bank. Carryover of these crops will still be large, although exports are reducing stocks of cotton, wheat, and rice. Consequently total supplies will be heavy despite acreage reductions.

Combined output of livestock products in 1957 will be near last year's peak. There will be fewer hogs and eggs but more dairy products, broilers, and turkeys. Cattle slaughter will continue large.

Demand for this year's slightly reduced supply should be as strong or stronger than in 1956.

While economic activity is showing signs of leveling off from its sharp 2-year rise, it nevertheless, is continuing at peak levels. Consumer income, boosted by increased employment and higher wage rates, was running 5 percent above a year earlier in the first quarter and is likely to continue above 1956 the rest of this year. Retail sales at food stores in the first 3 months of 1957 were about 7 percent above those of the first quarter of 1956.

Shipments of farm products abroad are at a record rate. Total for the fiscal year ending June 30, 1957, is expected to be almost 33 percent above that for the fiscal year ending June 30, 1956.

However, exports may slow down in the last half of 1957 as backlogs under Government programs are reduced. About 43 percent of the agricultural exports in this fiscal year will be financed under Government programs.

Some reduction in supply and good demand should hold farmers' prices a little above the 1956 level, through 1957. Livestock prices probably will average above those of 1956; crop prices, lower. Supports for cotton, major feed grains, and oilseeds are lower than in 1956. Supports for most other products are about the same.

High costs will continue to pinch farmers in 1957. The broad advance in prices of most things farmers buy is continuing. Also higher are interest, taxes, farm wage rates, and depreciation charges on farmers' capital equipment. These "overhead" expenses will not be reduced by the fact fewer acres are being farmed in 1957. Consequently, the total farm production expense in 1957 probably will be higher than in 1956.

The volume of farm marketings in 1957 probably will be down enough to reduce cash receipts, even though prices are a little higher. But Government payments under the Soil Bank will show a big increase in 1957. They are expected to be large enough to raise net income of farm operators above 1956 levels, despite higher costs. The income increase in prospect should be fairly close to last year's 4 percent.

The 1957 outlook varies by commodities. Here are some of the highlights:

Livestock

Cattle marketings, while continuing large, are likely to fall below those of 1956 late this year. Numbers on farms are down, some cattle were killed by the late spring snows, and the rains in drought areas may improve pastures and ranges enough to reduce marketings off grass next fall.

Sales of fed cattle will continue large since 4 percent more were on feed in 13 leading cattle States on April 1 than a year earlier. Cattle prices generally will average higher in 1957 than in 1956.

Hog marketings through the summer will continue below those of a year earlier. Larger summer farrowings in prospect will increase slaughter later in 1957 to a level about the same as last fall and winter. Prices are likely to hold above those of 1956 during the summer but may be down to 1956 levels near the end of the year.

Eggs

Hatchings of replacement chicks are down sharply, which should bring smaller egg production this fall. The cut in output is likely to result in higher egg prices, beginning in late summer. Egg prices remained sharply below 1956 well into April, when they rose somewhat.

Fats and Oils

Farm prices of soybeans are expected to continue at about the support with crushings and exports at record rates. Current prices of edible oils will likely hold through the rest of the crop year. Prices this spring are lower than a year earlier.

Feed Grains

Large supplies of feed grains are again likely in 1957–58, though they may be a little under this year's record. Prospective acreage is slightly larger, but large cuts in high-yielding corn and oats may hold down production.

Average yields on the prospective acreage would result in a production of about 119 million tons, 10 million less than in 1956. But carryover into 1957–58 will be up about 7 million tons. Large supplies of high protein feeds are also in prospect, at least as large as in the current season.

Wheat

Stocks of wheat will be cut further by July 1, 1958. The forecast is based on the April 1, 1957, condition of the winter wheat crop, farmers' March 1, 1957, planting intentions, and prospective disappearance. Biggest factor is the expected cut in production, down about 140 million bushels from 1956.

Rice

Rice exports are up sharply, with the total by the end of the marketing season August 1 likely to reach 38.5 million cwt. At this high rate, stocks should be down to about 18 million cwt. by August 1. They were 34.6 million cwt. on August 1, 1956.

Cotton

Shipments of cotton abroad continue heavy, building a total this season which may top 7 million bales. Exports in the season ending in June 1956 were 2.2 million bales. Total use (including exports) is expected to be about 15.8 million bales, up 4.4 million bales from the preceding season.

The increase is entirely due to higher exports since domestic use is running below the previous season. A reduction in stocks by about 2.5 million bales is expected on August 1, 1957.

Women Prefer Wool For Suits, Skirts

Good news for wool growers. Wool gets the feminine vote.

American women prefer wool to any other fabric for their spring, fall, and winter suits and separate skirts. The Agricultural Marketing Service, U. S. Department of Agriculture, discovered this by questioning more than 2,400 housewives and career women throughout the country.

Practically all women had something good to say about wool. They liked its wearability, its warmth, and its smart appearance. For suits and skirts, no other fabric had the popularity of wool.

The feminine chorus wasn't quite so unanimous about sweaters, however. Here, though wool is very popular, it faces a great deal of competition from orlon and nylon.

PREVIEW OF 1962 VEGETABLE DINNER

Total production of vegetables, economists say, is likely to increase moderately during the next 5 years as population increases. However, eating habits are changing and the increase in production probably will not be uniform for both fresh and processed vegetables.

Fresh vegetable production may expand only moderately because the average consumer is not expected to buy any more fresh vegetables than he does today.

Current Trends

Of course, this doesn't mean the situation will be stagnant. If trends continue—and it seems likely they will—production of salad vegetables will increase. But production of fresh vegetables that require cooking before being placed on the table will decline.

Production of vegetables for canning, the experts think, will increase at about the same rate as population. Production for freezing will grow more rapidly because of increased demand.

If more frozen vegetables are produced, this may make further inroads on the demand for several fresh vegetables—peas, green lima beans, and spinach, for example.

Demand for processed vegetables has increased because consumers prefer products ready for cooking. There are other reasons, of course—uniform quality, and the fact that processed vegetables are more economical at certain seasons.

Western and Southern States will probably continue to expand their large scale shipping operations. These States have ample resources for production. They also have enough natural and economic advantages in production to make up for the increasing cost of transportation to distant markets.

Nationally, there is a tendency toward larger operations so growers can take advantage of mechanization, reduce unit costs, spread marketings over a longer time.

More growers are specializing these days, partly to cut costs. They are also watching marketing much more closely. Many use cooperatives. Others sell directly. Sales managers are being employed oftener—sometimes even when the operation is modest.

Grading and packaging are improving. That's one way to meet competition. There is a movement away from the fringes of the cities to rural areas where land is cheaper, taxes lower, and operations can be consolidated.

These are the trends. They are likely to continue during the next 5 years.

Now for specific commodities:

Lettuce production should increase faster than population. Growers in the irrigated Western States can furnish lettuce of uniform quality at all seasons. It looks as though this Western leadership in lettuce is going to continue.

Tomato Production

Tomato production probably will continue to increase during the winter, spring, and fall seasons and remain stable in summer when competition from home gardens shows up. The geographical distribution isn't likely to change much.

Production of fresh market cabbage should stay closer to the current levels—as it has during the last 35 years.

Moderate production increases seem likely for fresh sweet corn. That's assuming the industry will keep up its fine work against worms and continue proper handling after harvest.

However, production of carrots, fresh asparagus, and fresh spinach has been declining, the last two items because of competition from the frozen product. It is doubtful whether today's production levels for these commodities can be maintained.

Joe E. Mullin
Agricultural Estimates Division, AMS

RECORD POULTRY OUTPUT, LOW EGG PRICES IN 1956

For poultrymen 1956 was a year of record production of each of their major commodities. With this output, prices for broilers and turkeys were the lowest since 1941. Egg prices barely equaled the year before when they were about 4 cents per dozen below the postwar average.

Through reduced hatchings of chicks for laying flock replacement, the egg supply situation is on the way to adjusting itself by late 1957, and prices after late summer are likely to be above a year earlier. But so far this year, broiler chick hatchings and turkey poult hatchings have been higher than 1956 records.

Record Egg Output

Farmers' 1956 egg output of almost 170 million cases of eggs was 4 million cases greater than the year earlier, and a new record. This production was supplemented by a small but significant production from nonfarm backyard flocks.

Per capita supplies and consumption were nearly the same as in 1955, about 370 eggs per person. However, these rates have been declining in recent years because population has been increasing even faster than egg production. In 1945 consumption hit a peak of about 400 eggs.

Although 1956 egg production was record large, it came from a laying flock that was the smallest since 1939. (The 1957 flock will average even smaller.) The explanation is the steadily increasing rate of lay per hen and pullet. On a per bird housed basis, this has increased from 119 eggs per bird in 1945 to 161 in 1955 and 169 in 1956. Most of the increased production comes in the fall and early winter seasons when total egg supplies still are below average, and prices ordinarily are higher than the 12-month average.

Last year was an exception to the usual rule about egg prices being highest in the fall. Because they were low at that season—lower than in January and February 1956—the impression left with egg producers and with egg handlers generally is that 1956 was a year of extraordinarily low egg prices.

While prices were far from satisfactory to producers, it is a fact nevertheless that averaged for the year they were 38.7 cents per dozen, only 0.2 cents per dozen down from the 38.9 cents of 1955. But egg prices in 1955 were rising to a peak near the end of the year, while in 1956 an opposite trend prevailed.

Egg prices so far in 1957 have been sharply lower than in 1956. As a consequence, farmers are raising fewer replacement chicks this spring, and egg production late in the year will be lower than during the same months of 1956. Egg prices after late summer are likely to be higher than a year earlier.

As was the case in egg production, broiler output also rose to a record high in 1956. Production of 1.3 billion birds was up 23 percent from 1955. The 1956 average price was 19.6 cents per pound, contrasted with 25.2 cents the year before.

Despite the lowered price, which so far in 1957 has continued close to the 1956 level, broiler chick hatchings through April had not been cut back.

Turkey Production Up

Production of turkeys was also up, 17 percent in 1956, to a new record of 77 million birds. Despite a 10-percent reduction in the 1956 price compared with 1955, to a 27.2 cents per pound average in the latter year, farmers have stated intentions of raising 10 percent more birds this year than in 1956. Hatchings so far tend to confirm these intentions.

Feed costs to poultrymen rose during 1956 to a year-end level higher than at the end of 1955, but the average price during 1956 for a composite poultry ration, $3.55 per 100 pounds, was 2 percent lower than in 1955.

Edward Karpoff
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WHICH FARM INCOME FIGURE WILL SOLVE YOUR PROBLEM?

It's easy to get tangled up in the statistics on farm income. Even the experts sometimes have trouble deciding which figure to use for a particular purpose. But the tangle can be disentangled as you'll see if you read this article to the end.

AMS Publications

The Agricultural Marketing Service regularly calculates and publishes figures on the following kinds of farm income: Cash receipts from farm marketings, realized gross farm income, farm operators' realized net income, farm operators' total net income, farm wages of laborers on farms, income of farm population from farming, income of farm population from nonfarm sources, and total income of the farm population from all sources.

Many of these figures also are calculated on a per person or per farm basis. The figures on realized net income per farm used in the story on page 10 are an example. Why so many figures and which one should you use?

It depends on what you are trying to measure. You wouldn't use a yardstick to find out how many gallons a barrel holds or a bushel basket to measure a line fence. So it is with farm income figures. Each series is designed for a purpose.

Let's look at the kinds of farm income and what makes them up.

Biggest source of the cash received by farm people is the sale of farm products. However, farm operators also receive cash from the Government under various programs such as the Soil Bank program, wool incentive program, and the conservation program.

In addition, farm people have nonmoney income such as the food they produce and eat and the rental value of farm homes.

These four items make up realized gross farm income. Here are the estimated gross farm income figures for 1956:

	Million dollars
Cash receipts from farm marketings	29,999
Government payments to farmers	554
Home consumption of farm products	1,752
Rental value of farm dwellings	1,674
Realized gross farm income	33,979

This figure on realized gross farm income is our best measure of the total income from farm operations that farm operators have available to spend for all purposes—production expenses, living expenses, and investment.

However, this figure doesn't tell us how much the farm operator and his family have left after he has paid off the expenses of running his farm. To get a net income figure, we subtract production expenses from realized gross farm income.

For 1956 the figures were:

	Million dollars
Realized gross farm income	33,979
Production expenses	—22,143
Farm operators' realized net income	11,836

The realized net income of farm operators is the amount of income from farming that operators have left to spend for family living or investment after they have paid production expenses. It is our most widely used net income figure.

Farmers' Net Income

However, if we want to compare the net income of farmers with national income, we have to do a little more figuring. The national income figures supplied by the Department of Commerce take into account changes (up or down) in inventories. In order to compare them with net farm income, we have to make a similar adjustment.

Farm inventories are made up of corn, wheat, and other crops stored on farms, and numbers of livestock and

poultry on hand. In 1956 we lowered our figure on realized net income because farmers sold off inventories faster than they added to them.

	Million dollars
Realized net income of farm operators	11, 836
Net change in farm inventories	−250
Farm operators' total net income	11, 586

Remember, the last figure shown above is the one to use if you want to compare net farm income with national income or with the income of the people in cities and towns.

Total Farm Income

To get the total income of the farm population from farming, we have to add in the wages people living on farms get from working on farms:

	Million dollars
Farm operators' total net income	11, 586
Farm wages of laborers on farms	1, 748
Income of farm population from farming	13, 334

So far we have been talking about the income farm people get *from farming only*. However, farm people also get income from other sources—wages from nonfarm jobs, rent, interest, dividends, and the like. In 1956, as in other recent years, this was close to half the net income received from farming.

	Million dollars
Income of farm population from farming	13, 334
Income of farm population from nonfarm sources	6, 450
Income of farm population from all sources	19, 784

We have now accounted for all of the income received by farm people in 1956. Remember, which of the above figures you should use depends on what you want to measure. Pick the right one for your particular problem and you will come out with the right answer.

Wayne Dexter
Outlook and Situation Board

Cotton Classings Set New Record

Good news for cotton growers: A record 17,250,000 bales of cotton were classed for grade and staple length by the Agricultural Marketing Service, U. S. Department of Agriculture, during the 7 months ended February 1, 1957.

This was a big increase over the 12,750,000 bales AMS classed for growers during this same period in 1956.

It was also the largest proportion of any cotton crop to be classed since Congress passed the Cotton Standards Act of 1923. Altogether, 85 percent of the 1956 crop (11,185,000 bales) was classed for those qualities which indicate the spinning value of the cotton. That's something merchants and mills find useful.

By the Smith-Doxey Act of 1937, AMS is empowered to give this free classification service to the grower at local classing stations.

AMS gives you other services under the Smith-Doxey authority. All of them are aimed to put you growers in the best possible marketing position—and that could mean more money in your pockets.

One such service is the market quotation sheet, which helps you figure what your cotton should bring.

When you know the quality of the cotton you have and its value at the nearest major spot market, then you can determine just about how much it is worth in your local market.

Attention, Cotton Growers

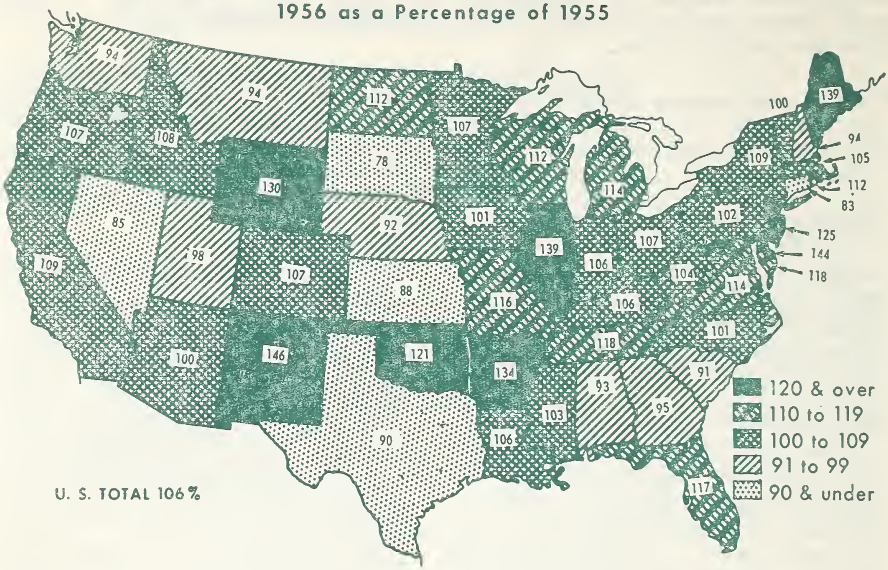
You should start your planning now to get the Smith-Doxey free classing services for this year's crop.

August 1 is the deadline for filing applications with the classing offices of the Cotton Division, Agricultural Marketing Service, in all cotton-producing areas, except some counties in southern Texas.

Contact your county agent or local classing office.

REALIZED NET INCOME PER FARM

1956 as a Percentage of 1955



U. S. DEPARTMENT OF AGRICULTURE

NEG. 3857-57(2) AGRICULTURAL MARKETING SERVICE

GREATER volume of farm marketings in 1956 plus Government payments under the Soil Bank and Wool Incentive programs resulted in increasing the 1956 average realized net income per farm 6 percent over that of 1955.

The total 1956 realized net income of nearly 5 million farms rose by an estimated $600 million to $11.8 billion. It was the first such increase since 1951.

Average realized net income per farm was $2,415, compared with $2,268 in 1955. There were 2 percent fewer farms in 1956 than in 1955.

Volume of meat animals, dairy products, and poultry and eggs sold by farmers in 1956 was up 5 percent, but total crop marketings stayed about the same.

Increases for food grains, oil crops, sugar crops, and fruits and vegetables about offset declines in tobacco, feed crops, cotton, and legume and grass seed.

Prices farmers received for all products averaged the same as in 1955. Production expenses continued to rise but not enough to offset the gains in marketings.

All but 15 States shared the higher per farm realized earnings. New Mexico had the largest increase, 46 percent, mainly from larger cotton receipts.

Delaware was up 44 percent with sharp increases of cash receipts from sales of potatoes, truck crops, soybeans, corn, and broilers.

Illinois gained 39 percent. Total receipts there were sharply higher, particularly from soybeans and corn.

Arkansas's 34 percent increase came largely from soybeans, cotton, rice, peaches, strawberries, and dairy products.

Maine, New Jersey, Oklahoma, and Wyoming had increases exceeding 20 percent.

Many of the 13 States in which per farm income declined 2 to 22 percent were in the drought-stricken area. Food and feed grain production in South Dakota, Kansas, Nebraska, and Texas were especially hard hit.

"Bert" Newell's Letter

Just the other day we held a big conference in Kansas City of agricultural statisticians from all over the country. The theme—you know we always have to have a theme for such affairs—was "Quo Vadis."

Do you know what that means? I didn't. Two of our literary statisticians came up with the answer almost simultaneously. They thought they would make it simple so I'd understand, so they told me it meant, "Where you goin' to, Bud?"

"Well," I said, "I'm going home to get this kink out of my back. It's killing me. If I stay around you fellows much longer, I'll have kinks in my brain."

"No," they said, "that isn't the way we meant it. We are using the phrase philosophically.

"All of us here in Agricultural Estimates have been putting a great deal of time into planning ways and means of improving our service and since this conference is being set up to discuss these long-time plans we think our suggestion for a theme is a pretty appropriate and catchy way of stating it."

Looking at it that way I thought it was right clear, too. So we all agreed and off we went to Kansas City for our session.

I agree it's a pretty good idea to know where you are going all the time, but the way things pop around here a good part of the year we don't have much time to stop and think about where we are going. If we answer all the questions as fast as they come up and get our reports out on time the day is just about gone.

So it was real helpful to get together with a good part of our technical staff from all over the country and spend 3 days comparing notes, threshing out some of the more difficult problems, and, most of all, doing some collective thinking on how we can do our job better in meeting your needs and the country's needs for the basic agricultural facts.

One of the very specific things we have in our long-time development plan is to try to do something in the way of meeting the need for statistical information at the local level.

For the past 2 years we have been making a little study of the kinds of requests that have come in to our various State Statisticians' offices. The study shows one of the greatest needs of people in the States is for statistics by the counties.

County agents, extension workers, research workers at the State colleges, various industries serving agriculture have all emphasized that the lack of information that can be applied to local situations is a serious handicap to them in being of service to farmers.

Another subject that came in for much attention in our inquiries and which was discussed at length in our Kansas City conference was the increasing need for greater precision in our statistics, particularly those used as guides in marketing programs and in the development of agricultural policy.

As a matter of fact, you will recall that I have discussed with you in this letter, at one time or another, our research program. This program has been conducted for the past 4 years and we feel we have developed some more up-to-date methods that could be employed to make our service much more useful in many areas.

We think our 3-day conference was very profitable. The whole time was spent in trying to work out ways of doing our job better and developing long-time and short-time plans for the improvement of the service. It's really pretty important to have a plan so we'll know where we are going or would like to go, so we can give you much better information to help you decide where you are going.

By the way, Quo Vadis, they tell me, really means "Whither goest thou?"

S. R. Newell

S. R. Newell
Chairman, Crop Reporting Board, AMS

MEAT MARKETING MARGIN STAYS CLOSE TO RECORD

The difference between the price at which a producer sells livestock and the price a family pays for meat at the grocery shrank a little during 1956.

However, at an average of 24.7 cents per pound, this price difference—which economists call the marketing margin—is still close to the all-time high of 25 cents a pound set in 1955.

There are many reasons for the gradual rise in marketing costs since 1950, says the Agricultural Marketing Service, United States Department of Agriculture, which has been keeping statistics on this subject since 1919.

One important point is that the marketing agent, like the livestock producer, has had to meet rising prices.

The marketing margin, you have to remember, won't necessarily be reduced because the producer is getting less for his livestock. The marketing margin for meat is determined by causes quite different from those which determine the price you get for your meat animals.

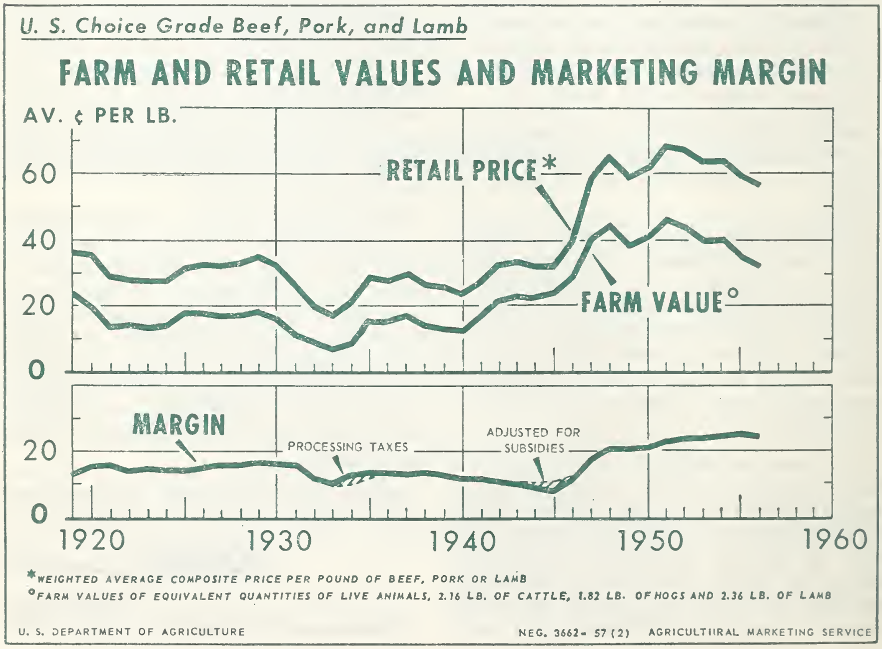
There are four major marketing operations responsible for the 24.7-cent margin in 1956.

First is the cost of actually marketing the livestock. This means, among other things, moving the meat animals you have just sold. This takes about 6 percent of the total marketing cost.

Second is slaughtering and processing which takes about 37 percent. Third, wholesaling, which includes transportation of meat. This requires about 12 percent.

Fourth, and largest, is retailing which requires about 45 percent.

Wages and salaries are responsible for about two-thirds of these retailing costs. Many employees are needed



for the work of dividing carcasses into smaller cuts suitable for retail trade.

Skilled labor is needed also to bone, cut, trim, and display meat and properly merchandise highly perishable products.

Rent was the next highest single cost item in retailing. Other retailing items included payments for lights, heat, and power, licenses and insurance, and depreciation of equipment, including delivery trucks.

What can be done to shrink these marketing costs?

Certainly, efforts have long been made in this direction. Efficiencies have been brought about. For one, the shift from the small prewar retail store to the present-day supermarket represents a more efficient use of labor in merchandising.

Less Handling Today

Similarly, increased car and truck route salesman delivery of meat from packing house to retail store door has reduced the amount of handling of the product called for in the older branch-house type of wholesaling operation.

Mass procurement by privately owned and cooperative food chains has made transfer of meat from the packing house to the grocery more efficient. Finally, fewer hours of labor are now required to convert animals on the farm to meat and to deliver the meat to the American home.

These improvements, however, are not as yet enough to overcome the rising cost of the marketing services the housewife is demanding.

The answer for the livestock producer and other handlers of livestock and meats seems to be to keep trying to continue and expand their efforts to improve efficiency in the marketing of livestock and meats.

Gerald Engelman, *Head, Livestock Section Marketing Research Division, AMS*

CATTLE ON FEED UP 4 PERCENT

Cattle and calves on feed for market in 13 major feeding States on April 1 were estimated by the Crop Reporting Board at 4,392,000 head, up 4 percent from April 1, 1956.

Those same States also had an increase of 4 percent from January 1, 1956, to January 1, 1957. The April 1, 1957 figure was 15 percent below that of January 1, 1957—about a normal drop.

Numbers placed on feed in these States during the 1957 January–March quarter (1,736,000 head) were about the same as for the same period in 1956.

Fed cattle marketed from the 13 States during the first quarter of 1957 are estimated at 2,516,000 head, about 2 percent above the similar period for 1956.

Cattle and calves on feed in Idaho (which is not included in the 13 States) totaled 100,000 head on April 1, 1957—down 15 percent from April 1, 1956.

Breakdown of numbers by weight groups indicates considerably more medium weight cattle on feed than in 1956.

Cattle feeders reporting marketing intentions on April 1, 1957, indicated marketings of fed cattle will be at a slower rate than in 1956. Forty-seven percent of the April 1, 1957, numbers are expected to be marketed by July 1.

Farmers' Prices

(1910–14=100)

Date	Prices received by farmers	Parity index [1]	Parity ratio
April 1956	235	284	83
March 1957	237	295	80
April 1957	241	296	81

[1] Index of prices paid, interest, taxes, and wage rates.

FARMERS' MILK SALES SET NEW RECORD LAST YEAR

Dairy farmers are living through amazing changes in their business. Latest—1956—figures from the Crop Reporting Board show that.

The amount of milk sold by farmers is increasing even more rapidly than milk production. That's possible because of decreased volume of butter produced on farms and a reduction in the number of households located on farms where milk is produced.

Milk Sales Rising

For the last several years, the number of farms producing milk has been declining by at least 4 percent per year. Upshot: farmers increased their sales of milk products more than 13 billion pounds of milk from 1952 to 1956—even though farm production of milk increased by only 11 billion pounds.

Of the record-breaking 125.7 billion pounds of milk produced in 1956, an equally record-breaking 111 billion pounds were sold. Farmers thus sold about 89 percent of the total quantity of milk produced in 1956. Yet only a generation ago—in the mid 1920's—the percentage was only in the low 70's.

Sales of whole milk also are rising. In 1956, farmers sold 95 billion pounds of milk, just as it came from the cow. In 1940, sales were less than 50 billion.

In 1956, sales of milk in whole form constituted 76 percent of total milk production—although it had taken until 1943 to reach 50 percent.

All other outlets declined. Sales of milk in the form of farm-skimmed cream were only about 11 percent of production in 1956, compared with about 33 percent in the mid-1920's.

Quantity of milk retailed by farmers dropped from around 6 percent of production in the decade ending in the mid-1930's to about 2 percent in recent years. Sales of farm-churned butter, estimated at 4 percent in the 1920's, were too small to estimate by 1950.

Why did these changes occur? For economic and for technological reasons.

Pasteurization and other advancements in sanitary methods made small-scale operations uneconomic and so reduced the volume of milk retailed by farmers. Introduction of paper cartons and other innovations in processing and distribution have further increased the advantages of large-scale operations.

The shift away from farm-separation of milk was partly due to the distaste of many farmers for performing the separating process and, on economic grounds, to the fact farmers could sell a greater proportion of their total milk solids than if they sold just farm-separated cream.

The change in the method of selling milk is closely related to the eventual uses made of the milk.

For example, an important reason for the decline in sale of farm-separated cream has been the declining demand for butter and the associated decline in production of milk in the farm-separated cream area. Yet there has also been a large increase in sales of whole milk in order to be able to market the solids-not-fat component.

In 1956, creamery butter made from farm-separated cream absorbed about 12 percent of the milk sold by farmers. In 1925, the percentage was 46.3.

Creamery Butter

On the other hand, use of whole milk in making creamery butter stood at about 13 percent of total milk sales in 1956, although prior to 1935 it was too insignificant to be counted.

Also helping to increase outlets for whole milk has been increased production of several manufactured products, including several types of cheese and the various frozen products. The big taker of whole milk, of course, is the nonfarm fluid milk market.

Herbert C. Kriesel
Agricultural Economics Division, AMS

DAIRY FARMERS CELEBRATE 350 YEARS OF PROGRESS

Dairy farmers in this country have a keen interest in the 350th birthday anniversary of the founding of Jamestown, Va. It's an anniversary for the industry because the Jamestown pioneers of 1607 obtained dairy cattle at the first opportunity. They wanted this first successful English colony in America to have plenty of milk.

Production, alone, would make this 350th anniversary year memorable for the dairy industry. The United States Department of Agriculture economists expect milk output to climb to a new record of nearly 128 billion pounds this year.

But quality, as well as quantity, has marked dairy farming down through those more than three centuries. Dairy farming has come a long way since the Jamestown settlers fought their courageous initial battles against cold and hunger.

It's the value of dairy products that American dairymen want to bring to the attention of their fellow citizens this June. USDA is helping by featuring dairy items in a special Plentiful Foods Program during June. The more quickly Americans realize the value of dairy foods, the sooner all this great wealth of milk will be put to practical use.

This June Dairy Month celebration is led by the dairy farmers' own promotional organization, the American Dairy Association. Joined with ADA in the Sponsor Committee are a dozen organizations representing all segments of the industry.

Here are some of the activities they've planned:

Television and radio will be used extensively. Dairy month will be featured in the Disneyland series. Dairy advertising will be conspicuous during June in newspapers in the Nation's major markets and in major national magazines.

Tie-in advertising will be a feature. Five major food companies have entered into reciprocal agreements with ADA to push dairy products as well as their own in such items as waffles a la mode, cheese cake pie, cereals and cream, daffy down dilly pudding, cheese and crackers, and soup shakes.

June Dairy Month also will be flagged to food shoppers' attention through signs, posters, banners, and other point-of-sale materials in food stores. Restaurants will direct the attention of diners to dairy products.

In addition, the national campaign will be supported by State and local June Dairy Month programs, run mainly by dairy farmers themselves.

Proclamations by governors and mayors, festivals, parades, dairy days, and even dairy princesses will all appear in the effort to make this event a high point in the dairy activities of 1957.

BETTER PHONES FOR FARMERS

Farmers are getting better telephones, and they are paying more for them.

On July 1, 1956—latest date for which figures are available—about 55 percent of farmers with telephone service had dial phones. Two years before (July 1, 1954) only 45 percent had dial phones.

The increase in dial phones also was accompanied by a nearly corresponding decrease in the number of magneto or crank-type telephones. Only 27 percent of farm telephones were of this type on July 1, 1956, compared with 35 percent 2 years before.

The remaining 18 percent of farm telephones on July 1, 1956, were battery telephones. Their use had declined 10 percent during the 2 years.

In July 1956 it was estimated that local phone charges to farmers averaged \$3.66 a month, 6 percent more than the \$3.46 charge of July 1955. Total monthly charges also had risen 6 percent.

In This Issue

	Page
Hog Prices	1
Cotton Fibers	3
General Outlook	4
Women Like Wool	5
1962 Salad Course	6
Poultry in 1956	7
Which Farm Figure?	8
Cotton Grading	9
Income Per Farm	10
"Bert" Newell's Letter	11
Meat Marketing Margins	12
Farmers' Prices	13
Cattle on Feed	13
Milk Sales	14
Dairymen Celebrate	15
Farmers' Phones	15

Farmer's Share of Consumer's Food Dollar

February 1956	39 percent
January 1957	40 percent
February 1957	38 percent

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